



**END OF SESSION – SF 504 – MENTAL HEALTH COUNTY LEVY**

[Senate File 504](#) revises the county mental health and disability services (MHDS) property tax levy by equalizing the taxes that can be levied in each county on a regional basis and setting a maximum per capita amount that can be levied across the entire region. The new regional per capita cap is set by adding the sum of the maximum amount each county in the region would be able to levy for FY 2018 under current law and dividing that by the region's general population. Counties then multiply the new regional cap by their populations to get the new county cap. The regional caps are limited statewide to \$47.28 per capita.

The Bill also requires counties to spend down fund balances in excess of 25.0%. Beginning in FY 2018, counties have three years to spend down fund balances on services required in their regional management plans. Beginning in FY 2022, counties are limited to a fund balance reserved for cash flow of 20.0% of gross expenditures if the region has a population equal to or greater than 100,000, or 25.0% of gross expenditures if the region has a population of fewer than 100,000. Counties will be required to reduce their levies by any dollar amount in excess of the cash flow amount.

For FY 2018 through FY 2020, the Bill requires the Broadlawns Medical Center Board of Trustees to transfer \$2.8 million to the Polk County Board of Supervisors to deposit in the county MHDS fund. In addition, Broadlawns Medical Center is required to donate \$3.5 million worth of services to Polk County MHDS.

The Bill requests that the Legislative Council authorize a study committee to analyze the viability of the levy caps in this Bill. The study committee is to meet during the 2018 Legislative Interim and submit a report to the General Assembly by January 15, 2019.

The Bill requires the Department of Human Services (DHS) to convene a stakeholder workgroup to make recommendations relating to the delivery of, access to, and coordination and continuity of mental health, disability, and substance use disorder services. The workgroup is required to submit a report with recommendations to the Governor and General Assembly by December 15, 2017. In addition, the Bill requires the regional administrators for the MHDS regions to convene a stakeholder workgroup to create collaborative policies and processes relating to the delivery of, access to, and continuity of services for individuals with complex mental health, disability, and substance use disorder needs.

**Fiscal Impact**

Senate File 504 allows counties to levy an additional \$2.2 million in FY 2018 and \$2.7 million in FY 2019, which includes the transfer of property tax dollars from Broadlawns Medical Center. Those increases will be offset by property tax reductions as counties reduce their levies and spend down fund balances. Due to the three-year time frame counties have to spend down those funds on approved services, the Legislative Services Agency (LSA) is not able to estimate the dollars that will be dedicated to property tax reduction.

	SF 504 – Estimate of Maximum Levies			
	FY 2017	FY 2018	FY 2019	FY 2020
Maximum MHDS County Levy	\$ 114,649,218	\$ 114,596,197	\$ 115,078,722	\$ 115,573,521
Maximum Broadlawns Transfer	4,000,000	6,300,000	6,300,000	6,300,000
<b>Total</b>	<b>\$ 118,649,218</b>	<b>\$ 120,896,197</b>	<b>\$ 121,378,722</b>	<b>\$ 121,873,521</b>

With the equalization of levies between counties within regions, 59 counties will be required to reduce their property tax levies by \$8.6 million and 40 counties will be given additional levy authority to increase their property taxes by \$8.6 million. All other increases and decreases in the levy are related to changes in estimated population for a county. For additional information on specific counties and regions, see the Attachment A here: <https://www.legis.iowa.gov/docs/publications/FN/857924.pdf>.

**Enactment Date.** The Bill was approved by the General Assembly on April 20, 2017.

**STAFF CONTACT:** Jess Benson (515)281-4611 [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)